

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, APRIL 17, 2007**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, April 17, 2007, commencing at 7:02 a.m.

A. ROLL CALL

Present: Council Members – Hitchcock, Katzakian, Mounce, and Mayor Johnson

Absent: Council Members – Hansen

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. TOPIC(S)

B-1 "Update on Mobile Home Electric Rates"

PUBLIC COMMENTS:

- Jim Baum, owner of Shady Acres Mobile Home Park, requested the item be removed from the agenda to allow mobile home owners to review the material and costs associated with the same.

Mayor Pro Tempore Mounce stated that a representative of Casa de Lodi requested the meeting be continued until they have had an opportunity to review the documentation.

Council Member Hitchcock stated she views this as an informational only meeting and would prefer to continue with the background of the subject matter. Council Member Katzakian agreed.

City Manager King briefly introduced the subject matter of mobile home electric rates.

Electric Utility Director George Morrow provided a PowerPoint presentation (filed) regarding the mobile home park electric rates. Specific topics of discussion included background, park description, EM (Mobile Home Park Service) rate history, rates to mobile home tenants, EM language, EM rate application, "pad" discounts, EM versus EA (Residential Service) rate comparison, EM recommendation, and summary.

In response to Council Member Hitchcock, Mr. Morrow stated the mobile home park rate is 5% less because the rate was previously tabled; possibly due to equity considerations.

In response to Council Member Hitchcock, Mr. Morrow stated the mobile home rate payers do get to participate in discount rate programs.

In response to Council Member Hitchcock, Mr. Morrow stated a park owner provides information to tenants and staff analyzes billings and reduces the amounts accordingly if discounts apply.

In response to Council Member Hitchcock, Mr. Morrow stated some mobile home parks are being charged EA rates while others are being charged EM rates, as determined by a review of the billings.

City Attorney Schwabauer provided an overview of the intent and literal meaning of the ordinance language for the two rates.

In response to Council Member Hitchcock, Mr. Morrow stated staff can attempt to get additional historical information regarding whether there was an oversight when the previous market cost adjustment rate discussion occurred. Mayor Johnson stated he would prefer to

go from this point forward to determine a solution rather than focus on the history of the problem.

In response to Mayor Johnson, Mr. Morrow stated the two parks being charged the rate in question are Cherokee and Lodi.

In response to Mayor Johnson, Mr. Morrow stated staff will be bringing back to Council EM rate adjustments.

In response to Council Member Hitchcock, Mr. Morrow stated the \$200,000 would go directly to Electric Utility instead of the park owners. He also provided an overview of the mathematical equations associated with possible additional revenue.

In response to Mayor Pro Tempore Mounce, Mr. Morrow stated the 47% average increase does not apply to end users who already receive the discount.

City Manager King provided an overview of the schedule stating there is an action item on the April 18, 2007, Council meeting agenda setting a public hearing for May 2 to coincide with the budget timelines.

In response to Council Member Hitchcock, Mr. Baum stated he has some concerns with the numbers and facts of the presentation and is not prepared to go into details at this time.

In response to Mayor Johnson, Mr. Baum stated the May 2 date provides adequate time for him to review the material.

In response to Mayor Johnson, Mr. Morrow stated staff will touch base with the affected park owners regarding the schedule. City Attorney Schwabauer stated notice will be provided pursuant to law as required for all public hearings.

In response to Mayor Pro Tempore Mounce, Mr. Morrow stated the park owner at 1651 Cherokee Lane was provided a letter notice.

C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None

D. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 7:38 a.m.

ATTEST:

Randi Johl
City Clerk



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Update on Mobile Home Electric Rates (EUD)

MEETING DATE: April 17, 2007 (Shirtsleeve Session)

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Presentation Only.

BACKGROUND INFORMATION: The rate being recommended would replicate the five-tier schedule adopted for all other residential users. It is recommended that these changes become effective July 1, 2007.

The City Council held a public hearing in February 2006, to amend electric rates for all customer classes. During the presentation, it was noted that the rates being charged mobile home residents were substantially lower than those of customers residing in other types of residential homes. This rate disparity appears to be the result of staff misunderstanding the direction received during rate discussions at Council meetings in October 2005.

There are six mobile home parks, with a total of 490 pads being served by Lodi Electric Utility. Mobile home park owners (master-metered) are billed on the EM rate schedule; they then bill their sub-metered tenants on the applicable rate schedule (EA, ED) and apply any entitled discounts. Residents of mobile home parks are eligible for the same rates and discounts as "traditional" residential customers.

In checking with the six parks in Lodi, there is a fair amount of misunderstanding/misinterpretation of the mobile home park rate structure. We found that four parks (414 pads) are charging their tenants at the EA residential rate (about 6¢ per kilowatt-hour over the EM rate). The other two parks (76 pads) are using the EM (mobile home park) rate schedule to bill their tenants.

Currently, Mobile Home Park Service (EM) includes a discount of \$8.13 per number of occupied mobile home park units wired for service each month. This discount provides recovery by mobile home park owners for their costs of owning, operating and maintaining their electric sub metered system. Other energy providers within our area that offer a mobile home park service rate allow park owners a discount of \$0.37925 per day or approximately \$11.38/month per number of occupied units.

Attached are the proposed EM schedule, the current EM Schedule and the current Schedule EA for comparison.


George F. Morrow
Electric Utility Director

Attachments (3)

APPROVED:


Blair King, City Manager



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE EM

MOBILE HOME PARK SERVICE

APPLICABILITY:

This schedule is applicable to service supplied to mobile home parks through one meter and sub-metered to all individual mobile home units.

RATES:

Minimum Charge.....\$5.00

Energy Charge is by Tier of kWh usage:

	<u>Tier 1</u> (Baseline)	<u>Tier 2</u> (101-130% of baseline)	<u>Tier 3</u> 131-200% of baseline)	<u>Tier 4</u> (201-300% of baseline)	<u>Tier 5</u> (Over 300% of baseline)
\$/kWh	\$0.1420	\$0.1450	\$0.2235	\$0.3180	\$0.3300

Summer (May through October) Energy Tiers

	<u>Tier 1</u> (Baseline)	<u>Tier 2</u> (101-130% of baseline)	<u>Tier 3</u> 131-200% of baseline)	<u>Tier 4</u> (201-300% of baseline)	<u>Tier 5</u> (Over 300% of baseline)
Beginning Tier kWh/month	0	482	626	963	>1,443
Ending Tier kWh/month	481	625	962	1,443	

Winter (November through April) Energy Tiers

	<u>Tier 1</u> (Baseline)	<u>Tier 2</u> (101-130% of baseline)	<u>Tier 3</u> 131-200% of baseline)	<u>Tier 4</u> (201-300% of baseline)	<u>Tier 5</u> (Over 300% of baseline)
Beginning Tier kWh/month	0	392	509	783	>1,173
Ending Tier kWh/month	391	508	782	1,173	

DISCOUNT:

Per number of occupied mobile home park units wired for service..... \$ 11.38

SCHEDULE EM

MOBILE HOME PARK SERVICE

MARKET COST ADJUSTMENT (MCA):

A market cost adjustment may be included in each bill for service. The adjustment shall be the product of the total kilowatt-hours (kWh) for which the bill is rendered times the adjustment amount per kWh. The adjustment amount per kWh will reflect amounts charged the City of Lodi by various suppliers of bulk power not covered in the above rates.

BILLING CYCLE CHARGE (MONTHLY BILL):

The Billing Cycle Charge is the higher of the Minimum Charge or the sum of the Customer Charge, Energy Charge, Discount and MCA.

SPECIAL CONDITIONS:

- (a) This rate is available only for mobile home park master metering in service prior to March 31, 1989.
- (b) It is the responsibility of the master-metered customer to notify the City Finance Department within 15 days following any change in the number of occupied mobile home park units wired for service.
- (c) Miscellaneous electric loads such as general lighting, laundry rooms, general maintenance, and other similar use incidental to the operation of the premises as a multi-family accommodation will be considered domestic use.
- (d) To qualify for Single Household Alternative Rate for Energy (SHARE) the sub-metered tenants of the master-metered City of Lodi Customer will submit an application, including the tenant's unit number, to the City of Lodi Finance Department. The City of Lodi Finance Department will notify the master-metered Customer of the tenant's certification.
- (e) Certification will be required to determine income eligibility for the SHARE program. Sub-metered tenants of the master metered City of Lodi Customer must sign a statement upon application indicating that the City of Lodi may verify the sub-metered tenant's eligibility at any time. The master-metered Customer, not the City of Lodi, is responsible for extending the SHARE program to tenants certified to receive them. If verification establishes that the SHARE tenant is ineligible, the tenant will be removed from the master-metered Customer's qualified tenants and the City of Lodi may render corrective billings.
- (f) An additional medical discount is available as described in Schedule MR, Residential Medical Rider.

SCHEDULE EM

MOBILE HOME PARK SERVICE

- (g) The master-metered Customer shall not bill any sub-metered tenant more than that tenant would be billed if that tenant were an individual customer of the City of Lodi. For a qualifying SHARE tenant, the master-metered Customer shall bill the qualifying tenant at the applicable rates equivalent to Schedule ED, Residential SHARE Program Service. A non-qualifying tenant shall be billed at the applicable rates equivalent to Schedule EA, Residential Service.
- (h) The master-meter/sub-meter rate discount provided herein prohibits further recovery by mobile home park owners for the costs of owning, operating and maintaining their electric sub-metered system.

FIXED INCOME DISCOUNT:

For those customers who are on fixed incomes below \$45,000 annually and who are over 62 years of age, and do not qualify for any other discount, a discount of 5% shall apply to the electric bill. Procedures as to qualification will be established by the Electric Utility Department.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE EM

MOBILE HOME PARK SERVICE

APPLICABILITY:

This schedule is applicable to service supplied to mobile home parks through one meter and sub-metered to all individual mobile home units.

RATES:

Customer Charge	\$ 4.87
Energy Charge:	
Summer (May 1 through October 31)	
First 440 kWh, per kWh.....	.10197
Over 440 kWh, per kWh14025
Winter (November 1 through April 30)	
First 400 kWh, per kWh.....	.10197
Over 400 kWh, per kWh14025
MINIMUM CHARGE:	
All kWh, per kWh.....	.05000

DISCOUNT:

Per number of occupied mobile home park units wired for service	\$ 8.13
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MARKET COST ADJUSTMENT (MCA):

A market cost adjustment may be included in each bill for service. The adjustment shall be the product of the total kilowatt-hours (kWh) for which the bill is rendered times the adjustment amount per kWh. The adjustment amount per kWh will reflect amounts charged the City of Lodi by various suppliers of bulk power not covered in the above rates.

SCHEDULE EM

MOBILE HOME PARK SERVICE

BILLING CYCLE CHARGE (MONTHLY BILL):

The Billing Cycle Charge is the higher of the Minimum Charge or the sum of the Customer Charge, Energy Charge, Discount and MCA.

SPECIAL CONDITIONS:

- (a) This rate is available only for mobile home park master metering in service prior to March 31, 1989.
- (b) It is the responsibility of the master-metered customer to notify the City Finance Department within 15 days following any change in the number of occupied mobile home park units wired for service.
- (c) Miscellaneous electric loads such as general lighting, laundry rooms, general maintenance, and other similar use incidental to the operation of the premises as a multi-family accommodation will be considered domestic use.
- (d) To qualify for Single Household Alternative Rate for Energy (SHARE) the sub-metered tenants of the master-metered City of Lodi Customer will submit an application, including the tenant's unit number, to the City of Lodi Finance Department. The City of Lodi Finance Department will notify the master-metered Customer of the tenant's certification.
- (e) Certification will be required to determine income eligibility for the SHARE program. Sub-metered tenants of the master metered City of Lodi Customer must sign a statement upon application indicating that the City of Lodi may verify the sub-metered tenant's eligibility at any time. The master-metered Customer, not the City of Lodi, is responsible for extending the SHARE program to tenants certified to receive them. If verification establishes that the SHARE tenant is ineligible, the tenant will be removed from the master-metered Customer's qualified tenants and the City of Lodi may render corrective billings.
- (f) The master-metered Customer shall not bill any sub-metered tenant more than that tenant would be billed if that tenant were an individual customer of the City of Lodi. For a qualifying SHARE tenant, the master-metered Customer shall bill the qualifying tenant at the applicable rates equivalent to Schedule ED, Residential SHARE Program Service. A non-qualifying tenant shall be billed at the applicable rates equivalent to Schedule EA, Residential Service.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE EA

RESIDENTIAL SERVICE

APPLICABILITY:

This schedule is applicable to single-phase domestic power service in single-family and multi-family dwellings separately metered by the City including those on discontinued all electric rate schedule, EE.

RATES:

Minimum Charge.....\$5.00

Energy Charge is by Tier of kWh usage:

	<u>Tier 1</u> (Baseline)	<u>Tier 2</u> (101-130% of baseline)	<u>Tier 3</u> 131-200% of baseline)	<u>Tier 4</u> (201-300% of baseline)	<u>Tier 5</u> (Over 300% of baseline)
\$/kWh	\$0.1420	\$0.1450	\$0.2235	\$0.3180	\$0.3300

Summer (May through October) Energy Tiers

	<u>Tier 1</u> (Baseline)	<u>Tier 2</u> (101-130% of baseline)	<u>Tier 3</u> 131-200% of baseline)	<u>Tier 4</u> (201-300% of baseline)	<u>Tier 5</u> (Over 300% of baseline)
Beginning Tier kWh/month	0	482	626	963	>1,443
Ending Tier kWh/month	481	625	962	1,443	

Winter (November through April) Energy Tiers

	<u>Tier 1</u> (Baseline)	<u>Tier 2</u> (101-130% of baseline)	<u>Tier 3</u> 131-200% of baseline)	<u>Tier 4</u> (201-300% of baseline)	<u>Tier 5</u> (Over 300% of baseline)
Beginning Tier kWh/month	0	392	509	783	>1,173
Ending Tier kWh/month	391	508	782	1,173	

MARKET COST ADJUSTMENT (MCA):

A Market cost adjustment may be included in each bill for service. The adjustment shall be the product of the total kilowatt-hours (kWh) for which the bill is rendered times the adjustment amount per kWh. The adjustment amount per kWh will be calculated to reflect amounts charged the City by various suppliers of bulk power not covered in the above rates.

SCHEDULE EA
RESIDENTIAL SERVICE

BILLING CYCLE CHARGE (MONTHLY BILL):

The billing cycle charge is the higher of the sum of the Minimum Charge and the MCA or the sum of the Energy Charge and the MCA.

SPECIAL CONDITIONS:

- (a) When a business or commercial establishment is conducted in conjunction with a residence and both are measured through one meter, this rate does not apply.
- (b) This rate does not apply to service used for common area and facilities in multi-family dwellings.
- (c) An additional first block medical quantity is available as described in Schedule MR, Residential Medical Rider.

FIXED INCOME DISCOUNT:

For those customers who are on fixed incomes below \$45,000 annually and who are over 62 years of age, and do not qualify for any other discount, a discount of 5% shall apply to the electric bill. Procedures as to qualification will be established by the Electric Utility Department.



Electric Utility Department

Mobile Home Park Electric Rates

**City Council Shirtsleeve Session
April 17, 2007**



Background

- EUD provides Mobile Home Park service under its EM rate tariff
- Six parks receive “grandfathered” service due to operation before March 31, 1989
- EUD provides service to master meter
- Park owner “submeters” and provides bills to park tenants
- Tenants qualify for all normal rate discounts
- EM rate substantially below regular EA residential rate (~5 ¢/kwh or 32%)



Park Description

Name	Pads	Location
Almond Drive	87	471 E. Almond
Shady Acres	44	621 E. Lockeford
Casa De Lodi	240	812 E. Turner
Palms	52	845 S. Cherokee
Cherokee	42	1651 S. Cherokee
Lake	34	1390 W. Lockeford

Note: 499 pads in total



EM Rate History

- EM Consistent with EA residential rate until 2001
- In August 2001, an MCA (Market Cost Adjustment) was implemented for EA rate but not the EM rate (1.75 to 5.75 ¢/kwh)
- In December 2002, an approximate 5% increase was given to EA rate for CAISO costs. EM received no increase.
- In December 2005, an MCA of 0.71 ¢/kwh was set for EM rate. EA received an MCA of 1.75 to 20 ¢/kwh.



Rates to Mobile Home Tenants

- EM rate tariff provides that tenants receive all applicable discounts
- If no discounts apply, EM tariff says tenants pay regular EA residential rate
 - This was correct prior to divergence of EM and EA rates in 2001
 - Should provide that tenants pay the mobile home rate less pad discounts to owners



EM Language

- The master-metered Customer shall not bill any sub-metered tenant more than that tenant would be billed if that tenant were an individual customer of the City of Lodi. For a qualifying SHARE tenant, the master-metered Customer shall bill the qualifying tenant at the applicable rates equivalent to Schedule ED, Residential SHARE Program Service. **A non-qualifying tenant shall be billed at the applicable rates equivalent to Schedule EA, Residential Service.**



EM Rate Application

- Four (4) parks using same outside billing agent charged full EA rate to tenants
- Remaining two (2) parks charge the EM rate to tenants
- For 15 month period of Jan 06 through Mar 07, the four parks charging EA rate received **~\$206K** over EM rate (about \$32/mo for 423 homes).



“Pad” Discounts

- EM rate tariff provides a discount (“pad discount”) to compensate park owner for cost of park electric distribution
- Currently, discount equals **\$8.13** per occupied pad per month
- EUD proposing to increase discount to **\$11.38** per pad per month (consistent with PG&E rate)



EM vs EA Rate Comparison

Tariff	Average Rate
EA	15.7 ¢/kwh
EM	10.7 ¢/kwh
Difference	5.0 ¢/kwh

Note: Calendar Year 2006 data



EM Recommendation

- It is recommended that the EM rate be modified to reflect the tier size and prices of the EA rate tariff (47% average increase)
- Existing 2-tiered EM energy charges of **10.197 to 14.025 ¢/kwh** would change to five-tiered charges ranging from **14.2 to 33.0 ¢/kwh**
- Pad discount increased from **8.13 to 11.38 ¢/kwh** per month



Summary

- Staff recommends EM rate be modified to be consistent with EA rate
- Staff also recommends “pad discount” for park owner be updated
- Inconsistent application of rates to mobile park tenants found
- Proposed May 2, 2007 public hearing on possible EM rate changes